



ANTHONY B. MANZANETTI

321-4500
amanzanetti@kmtg.com

March 29, 2002

Steve SoRelle
Supervising Senior (North Section)
Office of Local Assistance
CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD
P.O. Box 4025
Sacramento, CA 95812-4025

STAFF COPY

Re: *City of Elk Grove – Compliance Schedule for Submittal of AB939
Planning Document*

Dear Mr. SoRelle:

Thank you for your letter of March 1 summarizing the requirements for submitting the City's AB 939 planning documents.

As you know the City of Elk Grove has been undergoing changes in its short existence since July of 2002. These changes continue to create great opportunities for the City, but in some instances also create some discontinuity.

Development of Residential Collection Contract.

One of the new opportunities presented is the City's desire to terminate its residential hauling contract with the County and enter into a new contract directly with the City's current residential hauler, Central Valley Waste Services. Before this possibility emerged, the City considered giving 5-year notices to all haulers operating in its jurisdiction, to enable the City to competitively procure exclusive residential and commercial collection services in 5 years time. The City has retained outside counsel – Ms. Constance Hornig – to assist it with the development of this contract.

The City has submitted a proposed contract to CVWS. It contains curbside green waste and recyclables collection like the present services, but adds important diversion performance standards - and economic incentives - as well as obligations to prepare planning documents and submit annual reports. The proposed contract contains a bifurcated AB 939 defense and indemnification clause aimed at complying with the new constraints under supplemental PRC Section 40059.1. The proposed contract also requires that CVWS provide an annual household hazardous waste collection day service. We are happy to forward to you copies of these provisions, or the entire draft contract, if you like.

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The City is waiting for comments from CVWS and has been told by Thomas Sanchez that it can expect some form of response next week. Based on comments from Mr. Sanchez, the City anticipates substantial negotiations. It is estimated that the residents of the City of Elk Grove will pay in excess of \$100 million under the contract over its 10-year term. So the City is taking these contract negotiations very seriously.

The City is studying the opportunity of providing billing services itself or by contract separately from the collection contract. This remains to be determined, but it presents the City with an opportunity of local control over collection contract enforcement.

Additionally, the City is proposing to enter into a disposal agreement directly with Sacramento County. This would further regional cooperation, in that Sacramento County wishes to secure waste flow in order to fund the fixed costs of its landfill. A disposal agreement directly with the County would further the County's goal and the City's goal of greater local control. While the County has made a proposal indirectly to CVWS, it has also expressed willingness to negotiate directly with the City.

Evaluation of AB 939 planning & reporting options; commercial collection program.

At the same time, the City's retained outside counsel is also assisting the City to evaluate whether the City should meet its planning and reporting requirements by joining the Sacramento County/City of Citrus Heights Regional Agency for Integrated Waste Planning and Diversion Reporting ("Regional Agency") and / or provide for commercial diversion program implementation by joining the Sacramento Regional County Solid Waste Authority ("SWA"). That report is presently being finalized and will be presented shortly to Elk Grove City Council for discussion, deliberation and direction.

Ms. Hornig has discussed some of these issues with Kyle Pogue. He has been very helpful in providing documentation and background information.

After the City Council provides direction to staff, the City will likely engage in further discussion with the County and SWA. There remain questions regarding City membership in both the Regional Agency and SWA, and questions regarding governance, debt, service standards and commercial program implementation issues.

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Compliance schedule. The City's contemplated compliance schedule follows.

April 2002.

- Receive comments from CVWS on proposed residential collection contract, and reply.
- Meet with CVWS.
- Continue to develop cost estimates to provide City residential billing services.
- Begin discussion with County on disposal services.
- Pursue negotiations with CVWS and County.
- Finalize negotiations with CVWS and the terms of the residential collection contract.
- Present recommendation on joining Regional Agency and SWA to City Council. (We are happy to submit a copy of this report to you, on its presentation to the City Council, if you so desire.)
- Possibly hold workshop.
- Receive Council direction.
- Work with SWA to resolve remaining City concerns.

May 2002.

- Continue negotiations with CVWS and County.
- Meet with County and SWA members to discuss questions regarding City membership.
- Continue to work with SWA to resolve remaining City concerns.
- Take residential contract to City Council for approval.
- Commence residential service (including diversion requirements) thereunder.
- Report to City Council on answers to questions regarding Regional Agency and / or SWA membership.

June 2002.

- Implement Regional Agency and / or SWA membership, with concomitant AB 939 planning compliance, or
- Present proposal (and schedule) to City Council for alternative planning and annual reporting compliance and commercial program development and implementation.

Conclusion. Obviously, this schedule is based on the optimistic assumption that the City will be successful in reaching satisfactory agreement with CVWS for residential collection (including diversion compliance), the County for disposal, and the County / Regional Agency /

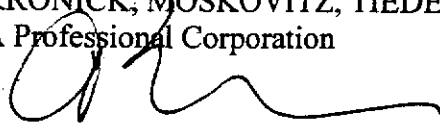
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SWA for planning, reporting and commercial program implementation. While optimistic, we do not believe it to be unrealistic.

If you have any questions, please feel free to call me directly.

Kindest regards,

KRONICK, MOSKOVITZ, TIEDEMANN & GIRARD
A Professional Corporation



Anthony B. Manzanetti
CITY ATTORNEY - CITY OF ELK GROVE

ABM/tm

cc: John Danielson - City Manager
Terry Fitzwater - Assistant City Manager
Phil Carter - PW/CD
Constance Hornig - Special Counsel - Solid Waste

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